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ABSTRACT

Approaches to student financial aid that are used in Illinois are described. Illinois tries to respond to the separate priorities of guaranteeing both access and reasonable choice. Over 60 percent of students at public four-year colleges, and about 18 percent of students attending community colleges receive need-based aid. The need-based student aid program is available to full-time and half-time students and to all students regardless of their academic standing. The need to coordinate with federal financial aid programs is emphasized. Additionally, some kind of formula based on the accessibility of loans is recommended. Illinois' maximum award has grown over time from about $600 in the beginning, to a current $1,650. Illinois has also stabilized the enrollments between the public and private schools in the state so that institutions equally share the situations of enrollment growth or enrollment decline. It is projected that half-time students will increasingly seek to participate in postsecondary education and jobs, or other pursuits. The importance of scheduling financial aid decisions to provide students with flexibility in their enrollment decisions is noted. Concerns related to accountability include the institutions' determination of eligibility of funds. Some audits may determine whether the packaging of aid is within the guidelines established by the state. Institutions also need to have clear refund policies that are implemented by state authorities and that protect students. (SW)

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CASE STUDY: ILLINOIS

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SHEEO

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Case Study: Illinois

by

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There are a variety of responses that can be made: from a student need-based aid; direct aid; tuition equalization; and direct grants. I guess my role this morning would be to relate my responses to the activities found in my own state of Illinois, and as I see it on the national scene.

In this current academic year on a nation-wide basis, there is no question that more states have elected the need-based student grant approach than any other alternative. All states and territories in this current year have helped 1.25 million students to receive funds divided in small amounts of state dollars. The grant total for the nation has reached $829 million. Built in most of the programs, if not all, is the characteristic of not letting the state award exceed the cost of tuition. Florida added this concept to their program last year.

I trust you may know exactly where the State of Florida stands in the picture today, and I want to share with you then some comments about my own state. Florida was one of the earlier southern states to get involved in a need-based student aid program. Your program is evolving. One of the greatest frustrations

you must have is that you see so much potential, you hear these large figures from other places, and wonder how you might magically overnight be where you want to be. Possibly with conferences like this one you will be able to make decisions as to where you are and where you want to be.

But, if you are interested, Florida ranks twenty-third in the country in terms of the number of awards which you made based on need. In terms of total dollars, Florida ranks 16th, and in terms of the dollars in your need-based student aid program for your 1976 population, you ranked 28th. I calculate that approximately $1.10 per each Florida resident or citizen is put into your need-based student aid program. On a national basis it is $3.84.

Let me put these figures aside and discuss our program in Illinois. It also started out small. It started out with the assumption that certain students with needs should be helped. We were talking in those days of maybe 1000 a year at a $600 maximum. But over time it has grown to where in the current year it is over $84 million. We are helping 97,000 students. It has grown to the place where we try to respond to a very delicate necessity in an arena we all share.

We try to respond to the separate priorities of guaranteering both access and reasonable choice. Both points of view must be in your planning for both political reasons and for what I think is sound government. We are to the point that over sixty percent of all those at public four year, and about eighteen percent of all students attending community colleges receive need-based aid.

The need-based student aid program opens college doors to both the full and half-time students. It represents a response to all citizens regardless of where they stand in their academic accomplishments. It means that at least some level of post-secondary education is available to help students fulfill their future. The program, at least as we see things, is very responsive to those who want more higher education.

It may or may not shock you to realize now that sixty percent of all my applications are from women. Forty-two percent of all my applications are from minority groups. Twenty percent are from individuals over twenty-five years of age.

I think as master planners if you affirm a dual system which will include all the things found today in postsecondary education, you have to think thrcugh how you will go from where you are now and where you want to be. First, you have to be very sensitive, and think this state has been, as I understand how you calculated your grants, to coordinate with Federal financial aid. If you have read the papers, you know we have made a most dramatic break-through in terms of what Congress has said and the President has signed in terms of the role of the basic grant program. Never in your history will you have such a base to build from as this. What was at one time a rather modest attempt by the Federal government to provide aid to low income students now appears as an attempt to, in my analysis, reach maybe as much as ninety percent or more of all the families that are reaching out for postsecondary education, with some level of basic educational opportunity grant or assistance.

So the time is right for any state, such as yours, that may have not yet funded itself at the level to have the impacts you want, to use these new federal powers, analyze their impact by sector and by individual families, and build on that base to accomplish the purposes that you most want to add to your program. In many cases, such as in my state, having gradually accomplished over time many of the goals, it may shock you that I must tell you, that our needs for state funding will be less next year because of the increase in limits of the federal basic grant. So we will adjust to accomplish additional purposes that remain after the federal dollars are in place.

It is very important to separate the various ways to deal with issues as they affect reasonable choice or access. Maximum award, let me start with this. There is no question that it has to be finely turned, because it is very sensitive in terms of the cost students bear. Some kind of formula needs to be worked out based on the accessibility of loans and understood by all concerned parties. Illinois' maximum award has grown over time from about $600 in the beginning, to a current $1650. I am convinced states can have too low as well as too high a maximum in relationship to what they want to accomplish. As you decide maximum, I am convinced that you have to be very concerned about the inflationary possibilities. More cost to students than is actually needed could develop. In Illinois we simply decided by formula that our maximum should be sixty-five percent of the tuition that students pay at privates. We have recently dealt

with a similiar figure which is ninety percent of the difference between what students are paying at private two and four year institutions verses the tuition paid at public senior institutions.

Now, one of the measures in which we delight is that we have stabilized the enrollments between the public and all the private schools in our state. We think this is one way to have a policy which forces institutions to equally share the situations of enrollment growth or enrollment decline. This has convinced us that at least this goal has been obtained.

You have a major decision in this State, obviously, because you have invited them to your conference: what are the best actions to take with proprietary institutions? There is a growing movement in the country, and in a number of states, to provide assistance to students attending such institutions. Some states have gone the route of simply designating a special type of award--calling it either vocational, technical or specialized grants. Others have simply added them to the eligible list of institutions for need-based aid programs. Some of these cannot be done instantly for budgetary or other reasons.

You will get in Florida an increase in the number of half-time students. You have to deal with that as a real issue. Of the 90,000 state-aided students found in Illinois, over 10,000 of them attend half-time. This past year alone in our state, where overall we had about three precent less students, we had eighteen percent increase in the number of half-time students. More students seek a combination of job and school as the path they want to take.

They are trying to best decide what it is that they want to obtain in either the income or the career that relates to their education. So, half-time students, not only today, but as I see it, in the future will become more of a reality in every state as students elect the kind of experience they want.

There is no question, in my observation, that if you want to create reasonable choice and to operate in a maximum way both for the student and the institution, you will try to figure out both administratively and otherwise, how the announcement to the student can reach them at dates and times which will truly permit them to make that choice. I realize that maybe because of the size of the program, or the cost of funds available to the employer, that you postpone your announcements until June, July or August. I can only assure you that as you do this, "X" amount of students that might have wanted to attend state institutions commit themselves to schools in other states. If you wish to make access equally important to reasonable choice, you will have your funds early and thus the ability to have longer periods of application. In a state like Illinois, my applications go out in September or October of the fall before the school year starts, and I am still processing applications a year from the February that follows the half-way point of the academic year. This happened because by public policy our master planners say that the student who is still deciding as late as August or September for the first term should be able to apply.

I have presented all of these things realizing that it will take

funds and it will take time. However, it gives you a panorama of all the kinds of decisions you will make over time. You should try to balance how these public funds can best be used. You have already talked about the need to think about need both in absolute and relative terms. Obviously, I feel that relative needs serve to reinforce, very significantly, the purpose of reasonable choice. Absolute needs tend to work the other way with low-income families receiving help. But again, study the impact of the title and schedule under basic grants and you will see that the number of those families who earn $26,000 or less who previously received nothing from basic grants has significantly increased. The country, as you know, has added over a billion dollars in that program, and I would think that at least four percent of that amount is going to come Florida's way that was not there last year.

Your program planners wanted me to talk about accountability and what's ahead in terms of the state investment and what role they should play in terms of the institutions who are participants. Obviously, I think you have to have the funds and the expectancy to perform audits by institutions in terms of eligibility of funds. Audits that may go so far as to determine whether or not the packaging of the aid is within the guidelines the state has established. Nothing will hurt the field of student financial aid more than if a few schools decide that they will "buy" students with federal or state dollars and will simply play the game a little different than others. The state has to be very concerned that a student's legitimate need is being met, and not overmet.

I think too, you must work out and have in order a variety of understandings in terms of refund policies that are implemented by state authorities and represent a protection for the student and the way the school operates. It must show that a fair amount was claimed for the amount of service rendered. Related to that, although we all employ in this room a certain amount of creativity in the offering of collegiate credit, let me alert you that any creativity that begins to bring credit to students for graduation and that has little institutional costs beyond one or two clerks simply writing something on a transcript, does not deserve the support of the taxpayers. I think that in our desire to look creatively at what should be given credit, we have to be aware that a great amount of state money will go out when little teaching resources or material resources were needed to deliver that credit. I think too, you need to be very sensitive to let each school work out and then put on public record what represents academic progress.

Mr. Chairman, I will be glad later to take questions too, but I am glad to share these overviews. Be concerned that freedom of choice means freedom to attend public as well as private institutions. And be concerned that every decision you make will not be in perfect balance to give a priority to reasonable choice or access. Whatever you decide, try to balance both of those goals over time.

Thank you.